
CMS Manual System

Pub. 100-04 Medicare Claims Processing

Department of Health &
Human Services (DHHS)
Centers for Medicare &
Medicaid Services (CMS)

Transmittal 155

Date: APRIL 30, 2004

CHANGE REQUEST 3215

I. SUMMARY OF CHANGES: Enactment of section 413(b) of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) requires CMS to revise some of the policy for the current Health Professional Shortage Area (HPSA) bonus payment. Section 413(b) of the MMA requires that for zip codes that fully fall into areas designated as a HPSA, the HPSA bonus payment be automatically paid for services rendered in locations with those zip codes. Physicians would no longer have to include the QB or QU modifier on those claims in order to receive their bonus.

Due to the large number of hours that will be required for MCS to implement this CR, the action described in this CR will be completed over two releases for the MCS shared system and associated carriers. This CR implements the implementation and design phases of the CR for the October release. A separate CR will be released to implement the coding, testing, and implementation phases with the January release for MCS. A separate CR will also be released instructing VIPS to implement the revision to the HPSA bonus payment for the January release.

NEW/REVISED MATERIAL - EFFECTIVE DATE: January 1, 2005

***IMPLEMENTATION DATE: October 4, 2004**

Disclaimer for manual changes only: The revision date and transmittal number apply to the red italicized material only. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (R = REVISED, N = NEW, D = DELETED) –

| R/N/D | CHAPTER/SECTION/SUBSECTION/TITLE |
|-------|--|
| R | 12/Table of Contents |
| R | 12/90.4/Billing and Payment in a Health Professional Shortage Area (HPSAs) |
| R | 12/90.4.1/Provider Education |
| R | 12/90.4.2/HPSA Designations |
| R | 12/90.4.3/Claims Coding Requirements |
| R | 12/90.4.5/Services Eligible for HPSA and Physician Scarcity Bonus Payments |
| R | 12/90.4.6/Remittance Messages |
| R | 12/90.4.7/Post-payment Review |
| N | 12/90.4.9/Administrative and Judicial Review |

***III. FUNDING:**

These instructions shall be implemented within your current operating budget.

IV. ATTACHMENTS:

| | |
|----------|--------------------------------------|
| | Business Requirements |
| x | Manual Instruction |
| x | Confidential Requirements |
| | One-Time Notification |
| | Recurring Update Notification |

Medicare contractors only

Attachment – Confidential

| | | | |
|------------|------------------|----------------------|---------------------|
| Pub. 100-4 | Transmittal: 155 | Date: April 30, 2004 | Change Request 3215 |
|------------|------------------|----------------------|---------------------|

SUBJECT: Implementation of the Analysis and Design Phases of the Revision to the Health Professional Shortage Area (HPSA) Bonus Payment

I. GENERAL INFORMATION

A. Background: Enactment of section 413(b) of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) requires CMS to revise some of the policy for the current HPSA bonus payment. Due to the large number of hours that will be required for MCS to implement this CR, the action described in this CR will be completed over two releases for the MCS shared system and associated carriers. This CR implements the implementation and design phases of the CR for the October release. A separate CR will be released to implement the coding, testing, and implementation phases with the January release for MCS. A separate CR will also be released instructing VIPS to implement the revision to the HPSA bonus payment for the January release.

B. Policy: Section 413(b) of the MMA requires that for zip codes that fully fall into full counties designated as HPSAs, the HPSA bonus payment be automatically paid for services rendered in locations with those zip codes. CMS will also automatically pay a bonus for those zip codes that are considered to fully fall in the county based on a determination of dominance made by the United States Postal Service (USPS) and for those zip codes that fully fall within non-full county HPSAs. Physicians would no longer have to include the QB or QU modifier on those claims in order to receive their bonus payment. For those zip codes that do not fully fall within full county HPSAs or fully within a non-full county HPSA, physicians must access the list of HPSA designations on the CMS website to determine if they are due the bonus. The physicians must then continue to enter either the QB or QU modifiers on the claim in order to receive the bonus.

Carriers will continue to base the bonus on the amount actually paid, not the Medicare approved payment amount for each service, and pay the 10% bonus on a quarterly basis. A single service may be eligible for both the HPSA bonus payments and the new physician scarcity bonus that will be implemented through CR 3223. Payment will be based on the zip code of where the service was performed. The HPSA bonus payment designations will be updated annually.

NOTE: Effective April 1, 2004, the zip code of where a service is rendered is required to be entered on all paper and X12 837 format electronic claims for services paid under the Medicare Physician Fee Schedule and anesthesia services. This change was not required for national standard format (NSF) electronic claims. For NSF format electronic claims, when POS is home or office, or an anesthesia service is submitted the carriers and shared system will determine the zip code of the service facility location in the same way

they currently do for jurisdiction. They will then compare that zip code to the list of zip codes eligible for the bonus as they will do for other electronic claims.

C. Provider Education: None. Provider education for the revision to the HPSA bonus payment program will be released with the follow up CR that will implement the coding, testing, and implementation phases with the January release.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement

"Should" denotes an optional requirement

| Requirement # | Requirements | Responsibility |
|----------------------|--|-----------------------|
| 3215-1 | CMS shall provide to the shared systems and carriers one file of zip codes to be used for HPSA bonus payments. These files will include primary care and mental health HPSAs. | CMS |
| 3215.1.1 | The file will list zip codes that fully and partially fall within primary care and mental health HPSA areas. The file will have indicators next to the zip codes marking the zip code as fully within or partially within an eligible primary care or mental health HPSA. Fully within a primary care HPSA = 1 Fully within a mental health HPSA = 2 Partially within a primary care HPSA = 3 Partially within a mental health HPSA = 4 | CMS |
| 3215-1.2 | The initial file issued will be effective for claims with dates of service on or after January 1, 2005 through December 31, 2005. | CMS |
| 3215-1.2.1 | A new file shall be provided annually and will be effective January 1 for claims with dates of service on or after January 1 of that next year through December 31 of that year. | CMS |
| 3215-1.3 | The file will be made available on the CMS mainframe. Carriers and shared systems will be notified by e-mail of the name of the file and when it will be available for downloading. Instructions will be provided for retrieving the file to the local sites. | CMS |
| 3215-1.4 | The file layout will be as follows: Positions 1-5 = zip code Position 6 - 9 = zip extension | CMS |

| | | |
|------------|---|-------------------------------------|
| | Position 10 = filler Position 11 = indicator | |
| 3215-2 | The shared systems/carriers shall code their systems as necessary in order to maintain an active current year file as well as two active years of prior data so that the bonus can be paid based on date of service. | MCS shared system, MCS carriers |
| 3215-2.1 | Systems shall be coded so that files prior to the 3 active years can be archived for reference purposes. | MCS shared system, MCS carriers |
| 3215-2.2 | Systems shall be coded to be able to accept changes to the HPSA bonus payment eligible file of zip codes to accommodate any unforeseen corrections that may be necessary during the year. No mid-year changes will be made to accommodate new designations or withdrawals made by HRSA throughout the year. | MCS shared system, MCS carriers |
| 3215-3 | The shared systems/carriers shall identify eligible physician services for the HPSA bonus per the professional component/technical component designations in Pub. 100-4, chapter 12, section 90.4.5. | MCS shared system, MCS carriers |
| 3215-3.1 | Carriers shall continue to make a quarterly 10% bonus payment to the physician based on the amount actually paid, not the Medicare approved amount of the service. | MCS carriers |
| 3215-3.1.1 | A single payment shall be made for both the physician scarcity bonus and the HPSA bonus. | MCS shared system, MCS carriers |
| 3215-3.1.2 | When the bonus payment is made, physicians shall be able to identify which type of bonus, (HPSA or physician scarcity), was paid for which service. | MCS shared system, MCS carriers |
| 3215-3.1.3 | The carrier/shared systems shall revise the special HPSA remittance that is forwarded with the bonus check to indicate that the check includes a HPSA and/or a physician scarcity bonus. | MCS shared systems, MCS carriers |
| 3215-4 | For the quarterly bonus payment, shared systems/carriers shall automatically identify and pay the bonus on all services rendered in eligible zip code areas that fully fall within a designated HPSA. | MCS shared system, MCS carriers |
| 3215-4.1 | Should a carrier receive a service with a QB or QU modifier, and a zip code that fully falls within a designated HPSA, they shall ignore the | MCS shared system, MCS carriers |

| | | |
|------------|--|----------------------------------|
| | modifier and flag the service for the bonus payment based on that zip code. | |
| 3215-4.1.1 | Should carriers/shared systems need to strip the modifiers from the claims for processing purposes, they shall return the modifier to the outbound claim. | MCS shared system, MCS carriers |
| 3215-4.2 | On a post pay basis, carriers shall not be required to review those services for accurate payment of the bonus that had zip codes that were on the list of zip codes that fully fell within a designated HPSA, even if they were also submitted with a QB or QU modifier. At their discretion, carriers should perform any post-pay review related to HPSA payments that they feel is prudent. | MCS shared system, MCS carriers |
| 3215-4.2.1 | Carriers shall continue to do any required post pay review of these claims that is unrelated to the HPSA bonus payment. | MCS Carriers |
| 3215.5 | For NSF format electronic claims, carriers/shared systems shall pay the HPSA bonus. | MCS Carriers, MCS shared systems |
| 3215.5.1 | For NSF format electronic claims, for place of service home and office, carriers and shared systems shall determine the zip code for the service facility location as they currently do for determination of jurisdiction. | MCS Carriers, MCS shared systems |
| 3215.5.2 | For NSF format electronic claims, once the zip code is determined, carriers and shared systems shall compare it to the list of zip codes fully and partially within HPSA designated areas. | MCS Carriers, MCS shared systems |
| 3215.5.3 | For NSF format electronic claims, claims submitted that fully fall within a HPSA designated area shall automatically receive the bonus and will not be subject to HPSA post-payment review. | MCS Carriers, MCS shared systems |
| 3215.6 | For claims received with the QB or QU modifiers that have a zip code for where the service was rendered that is on the list of zip codes that partially fall within a designated HPSA area, shared systems/carriers will pay the bonus. | MCS shared system, MCS carriers |
| 3215-6.1 | Effective for services with dates of service on or after January 1, 2005, per Pub. 100-4, chapter 12, section 90.4.7, carriers must use the designations that are on the CMS Web site to determine accuracy of the payment of the bonus | MCS carriers |

| | | |
|------------|---|---|
| | on services submitted with the QB or QU modifiers that have a zip code for where the service was rendered that is on the list of zip codes that partially fall within a designated HPSA area. | |
| 3215-6.1.1 | Carriers must continue to follow post-pay activities for services with date of service prior to January 1, 2005 as outlined in Pub. 100-4, chapter 12, section 90.4.7. | MCS carriers |
| 3215-7 | Shared systems and carriers shall not consider for the bonus claims received with a QB or QU modifier, that have a zip code for where the service was rendered that is not on the list of zip codes that fully or partially fall within a designated HPSA. For these claims, the modifier should be ignored and the service paid without the bonus. | MCS shared system, MCS carriers |
| 3215-8.1 | Carriers shall include the line level remark code identified in Pub. 100-4, chapter 12, section 90.4.6.B as an informational comment when a bonus is requested on the claim, but is not paid. | MCS carriers |
| 3215-8.2 | Carriers shall not add the claims defined in 3215.7 to the group of claims waiting for the quarterly payment to be made | MCS carriers |
| 3215-8.3 | Carriers shall not add the claims defined in 3215.7 to the pool of claims subject to post pay review for the HPSA bonus payment. | MCS carriers |
| 3215-9 | All applicable systems shall be modified to accept a new HPSA/Physician Scarcity Indicator on the claim line. The shared systems shall forward the indicator to CWF for posting to National Claims History. | MCS shared system, MCS carriers, Common Working File, National Claims History |
| 3215-9.1 | Once the type of bonus/bonuses have been identified by the shared systems, the shared systems shall modify their systems to set the HPSA/scarcity indicator on the claim line as follows: 1 = HPSA 2 = Scarcity 3 = Both Space = not applicable | MCS shared system |
| 3215-10 | This change request does not impact the HIGLAS system. The normal process for bonus payments shall continue. The MCS shared | MCS shared system, MCS carriers (who are on HIGLAS) |

| | | |
|---------|---|---------------------|
| | system shall send HIGLAS 810 Invoice for bonus invoices. A provider's HPSA and Scarcity bonus shall be combined into one bonus invoice per provider. The MCS shared system shall receive HIGLAS 835 Payment file from HIGLAS, showing a single bonus payment per provider | |
| 3215-11 | By October 1, CMS shall post a page on their Web site with a list of the zip codes eligible for automatic payment of the bonus and a list of those zip codes that will still require the submission of a modifier to receive the HPSA bonus. | CMS |
| 3215-12 | There shall be no administrative or judicial review regarding the identification of a county or area; the assignment of a physician to a county; the assignment of a specialty of any physician; and/or the assignment of a postal zip code to a county or other area. | CMS MCS Carriers |

III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions:

| X-Ref Requirement # | Instructions |
|---------------------|--|
| 3223 | Implementation of the Physician Scarcity Bonus |

B. Design Considerations: N/A

| X-Ref Requirement # | Recommendation for Medicare System Requirements |
|---------------------|---|
| | |

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: This CR must be implemented with CR 3223, Implementation of the Physician Scarcity Bonus in order to reduce the number of shared systems hours required.

F. Testing Considerations: N/A

IV. SCHEDULE, CONTACTS, AND FUNDING

| | |
|---|---|
| <p>Effective Date: January 1, 2005</p> <p>Implementation Date: October 4, 2004</p> <p>Pre-Implementation Contact(s): Cynthia Glover, 62589 & Bridgitte Davis, 64573</p> <p>Post-Implementation Contact(s): regional office.</p> | <p>These instructions shall be implemented within your current operating budget.</p> |
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Medicare Claims Processing Manual

Chapter 12 - Physicians/Nonphysician Practitioners

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(Rev. 155, 04-30-04)

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90.4 - Billing and Payment in a Health Professional Shortage Area (HPSA)

(Rev. 155, 04-30-04)

B3-3350, B3-15052

In accordance with §1833(m) of the Act, physicians who provide covered professional services in any rural or urban HPSA are entitled to an incentive payment. Beginning January 1, 1989, physicians providing services in certain classes of rural HPSAs were entitled to a 5-percent incentive payment. Effective January 1, 1991, physicians providing services in either rural or urban HPSAs are eligible for a 10-percent incentive payment.

Eligibility for receiving the 10 percent bonus payment is based on whether the specific location at which the service is furnished is within an area that is designated (under section 332(a)(1)(A) of the Public Health Services Act) as a HPSA. The Health Resources and Services Administration (HRSA), within the Department of Health & Human Services, is responsible for designating shortage areas.

HRSA designates three types of HPSAs: geographic, population and facility-based. Geographic-based HPSAs are areas with shortages of primary care physicians, dentists or psychiatrists. Population-based HPSAs are designations based on underserved populations within an area. Facility-based HPSAs are designations based on a public or non-profit private facility that is providing services to an underserved area or population and has an insufficient capacity to meet their needs.

Section 1833(m) of the Social Security Act (the Act) provides incentive payments for physicians who furnish services in areas designated as HPSAs under section 332 (a)(1)(A) of the Public Health Service (PHS) Act. This section of the PHS Act pertains to geographic-based HPSAs. Consequently, Medicare incentive payments are available only in geographic HPSAs.

Although section 1833(m) of the Act provides the authority to recognize the three types of geographic-based HPSAs (primary medical care, dental and mental health), only physicians, including psychiatrists, furnishing services in a primary medical care HPSA are eligible to receive bonus payments. In addition, effective for claims with dates of service on or after July 1, 2004, psychiatrists furnishing services in mental health HPSAs are eligible to receive bonus payments. CMS does not recognize dental HPSAs for the bonus payment program.

It is not enough for the physician merely to have his/her office or primary service location in a HPSA, nor must the beneficiary reside in a HPSA, although frequently this will be the case. The key to eligibility is where the service is actually provided (place of service). For example, a physician providing a service in his/her office, the patient's home, or in a hospital qualifies for the incentive payment as long as the specific location

of the service is within an area designated as a HPSA. On the other hand, a physician may have an office in a HPSA but go outside the office (and the designated HPSA area) to provide the service. In this case, the physician would not be eligible for the incentive payment. Carrier responsibilities include:

- Informing the physician community of these provisions;
- Detailing to interested physicians those locations which are HPSAs and the proper manner in which to code claims to qualify for the incentive payment;
- Modifying the claims processing system to recognize and appropriately handle eligible claims;
- Paying physicians the incentive payments; and
- *Performing post-payment reviews of samples of paid claims.*

90.4.1 – Provider Education

(Rev. 155, 04-30-04)

B3-3350.1

Prior to 2005, at the time carriers are notified that an area has been classified (or declassified) as a HPSA, they inform the applicable physician community of the status of the area, the requirements for eligibility for the incentive payment, and the mechanism for claiming payment. To assure that all physicians understand these requirements, carriers publish a general summary bulletin on an annual basis.

Effective January 1, 2005, the HPSA bonus designations will be updated annually. Once the annual designations are made, no interim changes will be made to account for HRSA updates to designations throughout the year. Designations of new HPSAs during a calendar year will be included in the next annual update.

Prior to the beginning of each calendar year beginning with 2005, CMS will post on its Web site zip codes that are eligible for the bonus payment. Through regularly scheduled bulletins and list servs, carriers must notify all physicians to verify their zip code eligibility via the CMS Web site for the area where they provide physician services.

90.4.2 - HPSA Designations

(Rev. 155, 04-30-04)

B3-3350.2

HPSA designations are made by the Division of Shortage Designation (DSD) of the Public Health Service (PHS). *Prior to January 1, 2005*, upon receipt from DSD, CMS sends carriers individual notices of HPSA status changes (initial classification of HPSA areas or deletion of existing ones). Carriers must effectuate these changes as of the first day of the second month after carriers receive them. For example, any notice carriers

receive during August is effective for physician services provided on or after October 1. Before effectuating these changes, carriers must ready the system for acceptance of the change and notify all physicians providing services in the impacted area who may be eligible for the incentive payment. Each quarter, CMS also provides carriers with an updated DSD comprehensive listing of all HPSAs in their jurisdiction. Carriers use this listing as a control to assure that all changes are accounted for and effectuated.

Although some HPSAs span entire counties (or other territorial subdivisions within a State), typically, they represent only sections of counties. For partial-county HPSAs, carriers prepare and distribute to physicians local maps which clearly delineate the HPSA areas. Carriers must notify physicians about HPSA areas by:

- Publishing a list of HPSAs and allowing physicians to call carriers if they need assistance in determining whether their practice locale falls within the boundaries of a HPSA; and
- Issuing maps of partial-county HPSAs that make it easier for physicians to determine if they provide services within designated HPSA areas.

Beginning with 2005, designations will be updated on an annual basis and will be effective for services rendered with dates of service on or after January 1 of each calendar year beginning January 1, 2005 through December 31, 2005.

The carriers and standard systems will be provided with a file at the appropriate time prior to the beginning of the calendar year for which it is effective. This file will contain zip codes that fully and partially fall within a HPSA bonus area for both mental health and primary care services. After the implementation of this new process effective January 1, 2005, a recurring update notification will be issued for each annual update. Carriers will be informed of the availability of the file and the file name via an email notice.

Carriers will automatically pay bonuses for services rendered in zip code areas that fully fall within a designated primary care or mental health full county HPSA; are considered to fully fall in the county based on a determination of dominance made by the United States Postal Service (USPS); or are fully within a non-full county HPSA area. Should a zip code fall within both a primary care and mental health HPSA, only one bonus will be paid on the service. Bonuses for mental health HPSAs will only be paid when performed by the provider specialty of 26 – psychiatry.

For services rendered in zip code areas that do not fall within a designated full county HPSA; are not considered to fall within the county based on a determination of dominance made by the USPS; or are partially within a non-full county HPSA, physicians must still submit a QB or QU modifier to receive payment. To determine whether a modifier is needed, physicians must review the information provided on the CMS Web site for HPSA designations to determine if the location where they render services is, indeed, within a HPSA bonus area.

For services rendered in zip code areas that cannot automatically receive the bonus, it will be necessary to know the census tract of the area to determine if a bonus should be

paid and a modifier submitted. Census tract data can be retrieved by visiting the U.S. Census Bureau website at www.Census.gov. Once the Web site is accessed follow the following steps:

- 1. Click on American Fact Finder from the list on the left side of the screen.*
- 2. In the Search box on the left side of the screen, mark "geography" and enter "1990 census" and click GO.*
- 3. Click on "Show more selection methods and more geographic types."*
- 4. Click on the MAP tab.*
- 5. Under "Select a year and program" select "1990 Decennial Census."*
- 6. Under "Select an option, then click on the map" click on the "Select" button and from the drop down menu, select "Census Tract." DO NOT CLICK ON THE MAP.*
- 7. Scroll down the page to: To reposition the map" and enter the address for which you want to determine the census tract.*
- 8. The map will show the street and the census tract number will be in dark gold.*

Once the census tract is identified, the CMS Web site must be accessed to determine if the census tract where the service was rendered is in an eligible HPSA.

Specific street addresses within a census tract may also be identified through the Census Tract Street Address Index (CTSAI) from:

*Data User Services Division
Customer Service Branch
Bureau of the Census
Washington, D.C. 20233*

90.4.3 - Claims Coding Requirements

(Rev. 155, 04-30-04)

B3-3350.3

For services with dates of service prior to January 1, 2005, physicians must indicate that their services were provided in an incentive-eligible rural or urban HPSA by using one of the following modifiers:

- QB - physician providing a service in a rural HPSA; or*
- QU - physician providing a service in an urban HPSA.*

For services with dates of service on or after January 1, 2005, the bonus will automatically be paid without the submission of a modifier for the following:

- *When services are provided in a zip code area that fully falls within a full county HPSA.*
- *When services are provided in a zip code area that partially falls within a full county HPSA and has been declared dominant for the county by the USPS.*
- *When services are provided within a zip code that fully falls within a non-full county HPSA.*

The submission of the QB or QU modifier will be required for the following:

- *When services are provided in zip code areas that do not fully fall within a designated full county HPSA bonus area.*
- *When services are provided in a zip code area that partially falls within a full county HPSA but is **not** considered to be in that county based on the dominance decision made by the USPS.*
- *When services are provided in a zip code area that partially falls within a non-full county HPSA.*

NOTE: *Effective April 1, 2004, the zip code of where a service is rendered is required to be entered on all paper and X12 837 format electronic claims for services paid under the Medicare Physician Fee Schedule and anesthesia services. This change was not required for National Standard Format (NSF) electronic claims. For NSF format electronic claims, when POS is home or office, or an anesthesia service is submitted, the carriers and standard systems must determine the zip code of the service facility location in the same way they currently do for jurisdictional payment purposes. They must then compare that zip code to the list of zip codes eligible for the bonus as they do for other electronic claims.*

90.4.5 - Services Eligible for HPSA and Physician Scarcity Bonus Payments

(Rev. 155, 04-30-04)

B3-3350.5

A - Information in the Professional Component/Technical Component (PC/TC) Indicator Field of the Medicare Physician Fee Schedule Database

Carriers use the information in the Professional Component/Technical Component (PC/TC) indicator field of the Medicare Physician Fee Schedule Database to identify professional services eligible for HPSA *and physician scarcity* bonus payments. The following are the rules to apply in determining whether to pay the bonus on services furnished within a geographic HPSA *or physician scarcity bonus area*.

| PC/TC Indicator | Bonus Payment Policy |
|------------------------|---|
| 0 | Pay bonus |
| 1 | Globally billed. Only the professional component of this service qualifies for the bonus payment. The bonus cannot be paid on the technical component of globally billed services. <i>ACTION: Carriers return the service as unprocessable and notify the physician that the professional component must be re-billed if it is performed within a qualifying bonus area.</i> If the technical component is the only component of the service that was performed in the <i>bonus area</i> , there wouldn't be a qualifying service. |
| 1 | Professional Component (modifier 26). Carriers pay the bonus. |
| 1 | Technical Component (modifier TC). Carriers do not pay the bonus. |
| 2 | Professional Component only. Carriers pay the bonus. |
| 3 | Technical Component only. Carriers do not pay the bonus. |
| 4 | Global test only. Only the professional component of this service qualifies for the bonus payment. <i>ACTION: Carriers return the service as unprocessable. They instruct the provider to re-bill the service as separate professional and technical component procedure codes.</i> |
| 5 | Incident to codes. Carriers do not pay the bonus. |
| 6 | Laboratory physician interpretation codes. Carriers pay the bonus. |
| 7 | Physical therapy service. Carriers do not pay the bonus. |
| 8 | Physician interpretation codes. Carriers pay the bonus. |
| 9 | Concept of PC/TC does not apply. Carriers do not pay the bonus. |

NOTE: Codes that have a status of “X” on the Medicare Physician Fee Schedule Database (MFSDB) have been assigned PC/TC indicator 9 and are not considered physician services for MFSDB payment purposes. Therefore, *neither the HPSA bonus payment nor the physician scarcity area* will be paid for these codes.

B - Anesthesia Codes (CPT Codes 00100 Through 01999) That Do Not Appear on the MFSDB

Anesthesia codes (CPT codes 00100 through 01999) do not appear on the MFSDB. However, when a medically necessary anesthesia service is furnished within a HPSA *or physician scarcity* area by a physician, a HPSA bonus *and/or physician scarcity bonus is payable*.

To claim a *bonus* payment for anesthesia, physicians bill codes 00100 through 01999 with modifiers QY, QK, AD, AA, or GC to signify that the anesthesia service was performed by a physician *along with the QB or QU modifier when required per section 90.4.3*.

C – Mental Health Services

Physicians’ professional mental health services rendered by the provider specialty of 26 – psychiatry, are eligible for a HPSA bonus when rendered in a mental health HPSA. The service must have a PC/TC designation per the chart above. Should a zip code fall within both a primary care and mental health HPSA, only one bonus must be paid on the service. For mental health services provided in zip code areas that do not fully fall within a designated mental health HPSA area, the QB or QU modifier must be submitted.

90.4.6 - Remittance Messages

(Rev. 155, 04-30-04)

B3-3350.6

Carriers use the following messages for services on which the HPSA bonus is claimed.

A - Services Where the HPSA Bonus Can Only Be Paid on a Portion of the Billed Service at the Service/Line Level

- Claim adjustment reason code 16, “Claim/service lacks information which is needed for adjudication. Additional information is supplied using remittance advice remarks codes whenever appropriate.”
- Line level remark code M73, “The HPSA bonus can only be paid on the professional component of this service. Rebill as separate professional and technical components. Use the HPSA modifier on the professional component only.”

B - Services That Are Not Eligible for HPSA Payments at the Service/Line Level

- Line level remark code M74, “This service does not qualify for a HPSA bonus payment.”

Note: This is an informational message only.

90.4.7 – Post-payment Review

(Rev. 155, 04-30-04)

B3-3350.7

Carriers should observe the guidelines below:

- Each quarter, prepare a list of physicians who received incentive payments for the prior calendar quarter. *For claims with dates of service on or after January 1, 2005, carriers are only required to include services paid with the QB or QU modifier for post-pay HPSA review. They are not required to include services with bonuses that were automatically paid based on the zip code. However, at their discretion, carriers may perform any additional post-pay review that they feel is prudent related to services that received a HPSA bonus.*
- Array them by the total amount of incentive payments received;
- Select the 25 percent of physicians on the list who received the highest payments; and
- Review a sample of five claims by each physician. If the physician provided services in a variety of settings (e.g., office, hospital, patient’s home), select sample claims representing different types of settings.

NOTE: After the first quarter of the year, carriers repeat the basic selection process in subsequent quarters; that is, review a 5-claim sample from the 25 percent of physicians who received incentive payments on an arrayed quarterly list. Skip physicians appearing higher on the list who were reviewed in an earlier quarter and were found to be in compliance. Carriers need not review a compliant physician for more than one quarter within the same calendar year. However, once a physician has claimed incentive payments erroneously, carriers continue monitoring the physician until he/she is in compliance.

- Review the selected claims to verify that the place(s) of service shown was actually in a rural or urban HPSA.
- *Effective for claims with dates of service on or after July 1, 2004, review any mental health services selected as part of the 25% sample to verify that they were provided in a mental health HPSA by the physician specialty of 26, psychiatry.*

- Should carriers find that any of the claims should not have been coded for the incentive payment, calculate and pursue the amount of any overpayment;
- Contact the physician and his/her billing staff to resolve any discrepancies and correct any misunderstandings about the incentive program;
- Refer unresolved discrepancies to the RO for possible sanction; and
- Transmit findings via CROWD (Form 1565E) to central office no later than the 75th day following the close of the CROWD reporting quarter.

90.4.9 – Administrative and Judicial Review

(Rev. 155, 04-30-04)

Per section 413(b)(1) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, there shall be no administrative or judicial review respecting:

- *the identification of a county or area;*
- *the assignment of a specialty of any physician;*
- *the assignment of a physician to a county; or*
- *the assignment of a postal zip code to a county or other area.*